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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/904,883	07/12/2001	Jeff Solomon	40102/00303	3599
30636	7590	02/03/2006	EXAMINER	
FAY KAPLUN & MARCIN, LLP 150 BROADWAY, SUITE 702 NEW YORK, NY 10038			BORLINGHAUS, JASON M	
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 02/03/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/904,883	<b>Applicant(s)</b> SOLOMON ET AL.	
	<b>Examiner</b> Jason M. Borlinghaus	<b>Art Unit</b> 3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 12 July 2001.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-14 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-14 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**Claims 1 – 14** are rejected under 35 U.S.C. 103(a) as being unpatentable over Hazen (Hazen, Thomas Lee. *The Law of Securities Regulation: Third Edition*. West Publishing Co. St. Paul, MN. 1996. pp. 72 – 78, 107 – 115 and 132 – 135).

**Regarding Claim 1**, Hazen discloses a method for raising capital comprising the steps of:

- generating an agreement (best efforts underwriting agreement/letter of intent) between a first company (issuer) and a second company (best efforts underwriter), the agreement (best efforts underwriting agreement)/letter of intent) granting the first company (issuer) an option to obligate the second company (best efforts underwriter) to sell a predetermined volume of equity (allotment) in the first company (issuer) according to a predefined price structure (offering price), during a predefined time period (duration of offering). (see § 2.1, pp. 74 – 77; § 3.1); and
- wherein the agreement (standby underwriting agreement/letter of intent) obligates the second company (standby underwriter) to remedy a predefined failure (failure of best efforts) by fulfilling its obligations to the first company

(issuer) under the agreement (best efforts underwriting agreement/letter of intent). (see § 2.1, page 75; § 3.1, p. 112).

Hazen does not teach that said limitations are embodied in the same agreement.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hazen by incorporating qualities indicative of a best effort underwriting agreement, as disclosed by Hazen, and qualities indicative of a standby underwriting agreement, as disclosed by Hazen, to guarantee the placement of all issued equity, as “ ‘stand-by’ underwriting is insurance in its strictest sense.” (see § 2.1, page 75). Furthermore, such combination of two previously existing underwriting agreement would have been obvious as “[t]here are numerous variations on the foregoing three basic types of underwriting arrangements...Investment bankers are continuing to develop variations on the foregoing methods.” (see § 2.1, p. 77).

**Regarding Claim 2**, Hazen discloses a method wherein:

- the predefined failure is a failure of the second company (best efforts underwriter) to sell the predetermined volume of equity during the predefined time period. (see § 2.1, p. 74; § 3.1, p. 114).

**Regarding Claim 3**, Hazen discloses a method wherein:

- the second company (standby underwriter) is obligated by the agreement (standby underwriting agreement/letter of intent) to remedy the predefined failure (failure of best efforts) of the second company (best effort underwriter) by purchasing an amount of equity in the first company (issuer) equal to the difference between the volume of equity in the first

company (issuer) sold by the second company (best efforts underwriter) under the agreement (best efforts underwriting agreement) and the predetermined volume of equity (terms of best efforts agreement). (§ 2.1, pp. 74 – 75; § 3.1, p. 114).

**Regarding Claim 4**, Hazen discloses a method wherein:

- a price at which the second company (standby underwriter) is obligated to purchase the amount of equity in the first company (issuer) is equal to a difference between the volume in the first company (issuer) sold by the second company (best efforts underwriter) under the agreement (best efforts underwriting agreement/letter of intent) and the predetermined volume of equity determined based on the agreement (standby underwriting agreement/letter of intent). (see § 2.1, p. 74; § 3.1, p. 114).

**Regarding Claim 5**, Hazen discloses a method for raising capital, comprising the steps of:

- filing by the first company (issuer/registrant) a registration with a government agency for the sale of equity in the first company (issuer/registrant). (see § 3.2, p. 115; § 3.4, p. 132);
- generating an agreement (best efforts underwriting agreement/letter of intent) between the first company (issuer) and a second company (best efforts underwriter), the agreement (best efforts underwriting agreement/letter of intent) granting the first company an option to obligate the second company (best efforts underwriter) to sell a predetermined

volume of equity (allotment) in the first company (issuer) according to a predefined price structure during a predefined time period. (see § 2.1, p. 74; § 3.1, p. 114);

- the agreement (standby underwriting agreement/letter of intent) obligating the second company (standby underwriter) to remedy a predefined failure (failure of best efforts) by fulfilling its obligations to the first company (issuer) under the agreement (best efforts underwriting agreement/letter of intent). (see § 2.1, p. 75.);
- forwarding from the first company (issuer) to the second company (best efforts underwriter) a Capital Demand Notice (offering terms) setting forth terms for a particular sale of the equity. (see § 2.1, pp. 74 - 76; § 3.1, p. 114);
- indicating by the second company (best efforts underwriter) one of an acceptance and a rejection of the Capital Demand Notice based on a review of information (due diligence review) regarding the first company (issuer) and the Capital Demand Notice (offering terms). (see § 3.1, pp. 107 – 108; § 2.1, p. 76); and
- obtaining from the second company (standby underwriter) a remedy (purchase of remaining best efforts underwriter equity), upon the occurrence of the predefined failure (failure of best efforts) under the Agreement (best efforts underwriting agreement/letter of intent). (see § 2.1, p. 75.)

Hazen does not teach that said limitations are embodied in the same agreement.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hazen by incorporating qualities indicative of a best effort underwriting agreement, as disclosed by Hazen, and qualities indicative of a standby underwriting agreement, as disclosed by Hazen, to guarantee the placement of all issued equity, as “ ‘stand-by’ underwriting is insurance in its strictest sense.” (see § 2.1, page 75). Furthermore, such combination of two previously existing underwriting agreement would have been obvious as “[t]here are numerous variations on the foregoing three basic types of underwriting arrangements...Investment bankers are continuing to develop variations on the foregoing methods.” (see § 2.1, p. 77).

**Regarding Claim 6**, Hazen discloses a method wherein:

- the agreement (best efforts underwriting agreement) defines criteria for the second company (best efforts underwriter) on which the one of acceptance and rejection of the Capital Demand Notice (offering terms) is to be based. (see § 2.1, pp. 74 – 76; § 3.1, page 114).

**Regarding Claim 7**, Hazen discloses a method wherein:

- the predefined failure (failure of best efforts) of the second company (best efforts underwriter) is a failure to sell a volume of equity set forth in an accepted Capital Demand Notice (offering terms). (see § 2.1, p. 74; § 3.1, p. 114).

**Regarding Claim 8**, Hazen discloses a method wherein:

- the agreement (standby underwriting agreement/letter of intent) obligates the second company (standby underwriter) to remedy the predefined failure (failure of best efforts) by purchasing an amount of equity to a difference between a volume of equity actually sold by the second company (best efforts underwriter) in accord with the accepted Capital Demand Notice (offering terms) and the volume of equity set forth in the accepted Capital Demand Notice (offering terms). (see § 2.1, p. 75.)

**Regarding Claim 9**, Hazen discloses a method wherein:

- a price at which the second company (standby underwriter) is obligated to purchase the volume of equity is equal to the difference between a volume of equity actually sold by the second company (best efforts underwriter) in accord with the accepted Capital Demand Notice (offering terms) and the volume of equity set forth in the accepted Capital demand Notice (offering terms) is determined based on the agreement (standby underwriting agreement/letter of intent). (see § 2.1, p. 74; § 3.1, p. 114).

**Regarding Claim 10**, Hazen discloses a method wherein:

- the agreement (best efforts underwriting agreement/letter of intent) defines a Blocking Event (escape clause) and wherein, upon occurrence of the Blocking Event (escape clause), the obligations of the second company (best efforts underwriter) are one of completely and partially discharged. (see § 2.1, p. 76).

**Regarding Claim 11**, Hazen discloses a method wherein:



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- the first (issuer) and second (underwriters) execute a Warrant Agreement (best efforts underwriting agreement/letter of intent), the Warrant Agreement sets forth terms and conditions for the second company (best efforts underwriter) to purchase an additional volume of equity (allotment), the additional volume above that set forth in an accepted Capital Demand Notice (offering terms). (see § 2.1, pp. 74 – 77; § 3.1, p. 114).

**Regarding Claim 12**, Hazen discloses a method wherein:

- the Blocking Event (escape clause) corresponds to a predetermined change in a market price of the Issuer's equity (marketing conditions). (see § 2.1, p. 76).

**Regarding Claim 13**, Hazen discloses a method wherein:

- the Blocking event (escape clause) corresponds to a predetermined change in a market index value (marketing conditions). (see § 2.1, p. 76).

**Regarding Claim 14**, Hazen discloses a method wherein:

- until acceptance of the Capital Demand Notice (offering terms), the first company (issuer) maintains control of the terms and conditions of sales of equity under the agreement. (see § 2.1, page 76).

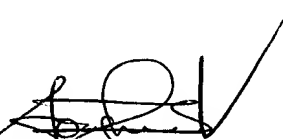
### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (571) 272-6924. The examiner can normally be reached on 8:30am-5:00pm M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on (571) 272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600